

STATE OF TEXAS §  
COUNTIES OF ARANSAS §  
SAN PATRICIO AND NUECES §  
CITY OF ARANSAS PASS §

On this the 3<sup>rd</sup> day of May, 2005 the Aransas Pass Municipal Development District convened in a Regular Meeting being open to the Public at the regular meeting place thereof in the City Hall and notice of said meeting giving the time, place, date and subject hereof having been posted and prescribed by Chapter 551 of the Texas Government Code with the following attendance to wit constituting a quorum.

ARANSAS PASS MUNICIPAL  
DEVELOPMENT DISTRICT  
PRESENT:

ROBERT JAYNE	President
HOPE COMINGORE	Vice President
NAOMI HANSEN	Member
DOROTHY ROBERTS	Member
JIMMY TURNER	Member
LAURA WELBORN	Member

ABSENT:	LINDA SMITH	Secretary
	SHERRI TRINGALI	Member

ADMINISTRATIVE PERSONNEL PRESENT:	DEBRA KELLER	Interim Executive Director/Treasurer
	Ada Owens	Recording Secretary

ADMINISTRATIVE PERSONNEL ABSENT:	None
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OTHERS PRESENT:	Jay Masterson, Roger Masterson, Eddie Arnold, Lisa Burgess-Herald Newspaper
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There may have been others present that did not sign in.

**ITEM 1. CALL MEETING TO ORDER.**

President Jayne called the Meeting to order at 6:34 P.M. on May 3, 2005. President Jayne stated there was a quorum present.

**ITEM 2. APPROVAL OF MINUTES OF REGULAR MEETING OF APRIL 5, 2005.**

Member Roberts made the motion the minutes of the regular meeting of April 5, 2005 be approved. Vice President Comingore seconded the motion. Motion carried.

**ITEM 3. CONSIDER AND ACT ON EXCUSED ABSENCES.**

President Jayne stated there were requests for excused absences from Secretary Smith and Member Tringali.

Vice President Commingore made the motion to excuse the absences of Secretary Smith and Member Tringali. Member Welborn seconded the motion. Motion carried.

**ITEM 4.**

**PRESENTATION OF FY04 AUDIT BY MICHAEL A. ARNOLD PLLC.**

Mr. Arnold presented the audit for fiscal year 2004 to the Board.

Mr. Arnold stated the prior period adjustments, increase/decrease of fund balance, that \$148,000.00 was the retainage that was not recorded last year.

**ITEM 5.**

**PRESENTATION OF SECOND QUARTER FINANCIAL AND INVESTMENT REPORT.**

Executive Director presented the Quarterly Financial Report for January through March 2005. Note: Quarterly Financial Report and Investment Report attached to Minutes.

Executive Director stated she had expenses she needed to bring to the Board for approval next month.

Member Hansen asked if Executive Director had looked into different bank rates?

Executive Director stated she would set up a meeting for Friday with the bank president to talk to him about the collatorizing the bank account and to find out if the District was bound by the depository requirements of the Local Government Code. If the District is bound by the Local Government Code, the District will have to go out for a depository contract. If not, she can solicit proposals from each of the banks in town.

Executive Director continued with the financial and investment reports.

**ITEM 6.**

**EXECUTIVE SESSION: THE BOARD WILL NOW HOLD A CLOSED EXECUTIVE MEETING PURSUANT TO THE PROVISION OF CHAPTER 551, GOVERNMENT CODE, VERNON'S TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN: A. SECTION 551.072, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY FOR COMMUNITY CENTER.**

**ITEM 7.**

**RECONVENE IN REGULAR MEETING AND CONSIDER AND ACT ON FINDINGS OF EXECUTIVE SESSION: A. SECTION 551.072, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY FOR COMMUNITY CENTER.**

President Jayne stated there was no action taken.

**ITEM 8.**

**GENERAL DISCUSS AND ACT ON RECOMMENDATION TO THE CITY COUNCIL REGARDING THE FUTURE ROLE AND FINANCIAL RESPONSIBILITIES OF THE DISTRICT.**

Executive Director stated she wanted the Board meet with the City Council to discuss where the District goes from here. She had

requested the District be put on the May 16 Council agenda. Discussion was held on possible dates the District could meet with City Council. The date the Board decided to meet with City Council was May 23, 2005.

Executive Director stated the City Council would expect the Board to tell them where the District has been, where the District is, and where the Board envisions the District going; what is the District's goal and purpose? Where does the Board see the District should be focusing their efforts?

Executive Director stated the Board needed to make a decision as to how the Board can be the most productive and what their purpose is. Did the Board see continuing in the same path and changing the Interlocal Agreement; asking the City Council to modify the Agreement and the Board continue on the effort with the civic center? Or was that something that was too much for the Board? Or would the Board like to see the City doing that? She stated that was a critical point the Board was looking at.

Member Roberts stated whether the Board should be an advisory board to the Council or whether they should be an active board making decisions.

President Jayne stated when the District did the swimming pool they were very much active. He stated planning was done through the City Manager's office, but it was also done through the Board, so he felt if the Board did not have anything to do except say pay this or that, the Board was not necessary.

Executive Director stated she thought the Interlocal Agreement was written because the District did not have the expertise and volunteers that want to spend the time to get that involved in such a large project like the swimming pool or civic center. That is a concern she had. If it is decided that the Board is the one actively designing, constructing, and implementing the civic center project, the Executive Director's position was going to have to be more than a volunteer position. Typically, a Board like this advises the Council on the direction the Board thinks the Council needs to go and the Council makes the final decision.

Executive Director asked did the Board want to continue with the Interlocal Agreement as written, or did the Board see a need for change?

Member Roberts stated she saw a need for change. On the swimming pool, the City Manager took care of many of the aspects of the business. The Board met and took care of some of the design and features the Board and the community wanted, but whatever the Board does they need to get busy and start working towards getting the civic center started.

Executive Director stated the Board knew from the financial report that the District had just over one million dollars left in the bonds for the civic center project. From the cost of the land the Board had seen, that money was not going to go very far; it was not going to build the civic center in today's market. The District has over one million dollars in sales tax money. Does the District want some of those funds to go

toward the construction of the civic center or does the City want to issue more bonds to build the civic center and ask the District to pay for those bonds?

Member Welborn asked were the bonds sold for the swimming pool and civic center?

Executive Director stated yes, the bonds were only for the swimming pool and civic center.

Member Welborn asked what was the sales tax approved for?

Executive Director stated the sales tax was not approved for those specific projects. The perception of the community was they were going to get a swimming pool and civic center when the sales tax was implemented. The sales tax implemented allows the District to do any project that is allowed by law, which is a multitude of projects. The sales tax was promoted for the construction of the swimming pool and civic center.

Member Welborn stated if that is what the public perceives then she would not want to back up and do something different.

Vice President Commingore asked could the sales tax money be used for acquisition of property and the first year's operating expenses?

Executive Director stated yes, the sales tax proceeds can be used for the operating expenses, the bond proceeds cannot be used for operating expenses.

Member Welborn asked when the Board was looking at other civic centers and they talked about the fact that they were not making a profit, how much in the red did they operate?

Executive Director stated there were different variances and some did not have good information on that. The consensus was the Board would get land then they would look at the future, if the District had the money left to build the civic center, the Board would decide which direction to go on the building. The District was following that plan until they realized the District had a contract that prohibited them from buying the land. The plan was the District was going to get the land; look at what could be built on the land; what funds were available; what the financing plan was going to be, whether to issue more COs or pay cash. The operational issue still stays the same. She stated her concern for the District was she did not think it is the right thing for the District to say it will operate the civic center into infinity because the District does not have the manpower to do that. It is going to take a City function for that to be done properly.

Member Roberts stated she thought the City could operate the civic center except for the first year's operating expenses. In the next five years the City is going to be developing the harbor and necessary infrastructures that are desperately needed. Once the City gets past that, it will not be long until some of the City's bonds will be paid off.

Executive Director asked was the District willing to possibly help or finance the construction of the civic center, then take it for a year of operations, then have the City take it over?

Member Hansen stated yes, with limits.

Member Roberts stated yes.

Member Welborn stated she did not even see a limit, because if this is what the money was proposed for, it should not even be an issue. The money is there, the money is coming in from (sales) taxes and this is what the people want it spent on. She stated that is what she thought the District should do.

Member Roberts stated that was what the District should do.

Executive Director stated the sales tax was over \$500,000.00 for the last year, obviously that was going to grow. If the harbor is developed any time soon, two to three years, and the City has other development coming in, the District could eventually reach the million-dollar mark on the sales tax depending on the growth of development. She asked did she propose the District take all their money they have in cash right now and dump it into building a civic center? No, that was not a wise thing to do, the District does not want to ever leave itself in a cash flow situation they cannot handle. She stated she did not think the District wanted to build a \$20 million civic center and indebt this District for the next twenty years and not be able to another single project. There are parameters that need to be set, that the District is willing to fund up to a certain level, financing for a civic center and possible operations for the first year.

Member Roberts stated she would like to see a community center rather than a civic center.

Member Welborn asked what is the difference?

Member Roberts stated a civic center was usually a convention center bringing in business meetings and trade shows. A community center is more for senior proms, women's bridge club, meeting rooms.

Executive Director stated most people want a community center, the problem is the City cannot afford to run just a community center, it needs to be a civic center in order to make it pay for itself. That is why cities end up with civic centers that work in conjunction the community center so they are self-supporting as they can be because the bridge club and such do not pay the rent. The trade shows and other events that use the civic center are the ones that will pay for the operational costs of the center.

Executive Director asked did the Board have an idea of the limit on financing the civic center?

Member Roberts stated she had no idea on limits right now because they did not know how much it would cost to build a center.

President Jayne stated the Board did not even know how much the land was going to cost.

Executive Director stated when the Board meets with the City Council, she wanted something prepared that President Jayne can take to the Council. Something that says "this is the Board's recommendation, that

the Board use some of the sales tax proceeds to finance what is needed, up to limits, once the Board and City Council agree on what they would like to see in a civic center. The Board would then consider financing that project with sales tax". She stated something to that effect was what she was hearing from the Board.

Member Welborn asked was what the Executive Director was saying was the Board wants to build a civic center and the Board wants to help operate that civic center, at least for a year?

Executive Director stated yes.

Member Roberts stated and the Board would also like the authority to look for and to purchase the land, with City Council's approval; develop plans with the Council's approval; and then see how much it was going to cost to build the civic center.

Executive Director stated she was hearing Member Roberts saying she would like to see the District be the one that is lead in pursuing the land, recommending land to the City Council, and with the City Council's final approval develop the plans and take them to the City Council. So the Board was acting in somewhat of a capacity of doing those things but along with the buy-in of the City Council and their approval. And the District finance those or the City issues bonds and the District pay for the bonds, but this time the City keeps those bonds and runs all the financing through their bank. The District would pay the debt service which is, basically, what the Agreement says, so the Agreement will be a little different if the City Council approves, in that the Board would be doing the designing, the planning, and developing with City Council approval. The District would pay for operational costs but the City would operate and maintain the civic center.

Executive Director asked what did the Board see as their role in the civic center?

Member Welborn asked did the Board want the same role they had in the swimming pool?

Member Roberts stated right, the artistic side of the construction.

Executive Director stated so the Board was talking about oversight of the construction; basically design decisions. The Board sees that their purpose is to continue on the same road and give the citizens the community center that was promised to them when the tax was voted in. She stated the Board is willing to pay the debt service on financing of the land and civic center, not with the District's cash but they would pay the debt service on city issued bonds but at some limit to be determined once the Board looks into it further to decide what size and level of services the Board wants to see in the civic center. The first thing to do is purchase the land. She stated the Board sees their duties as looking for the land, developing the plans for the City Council's approval, oversight of construction management, and financing the first year's operations.

Member Welborn made the motion to recommend to the City Council that the future role and financial responsibilities of the Aransas Pass Municipal Development District are to continue to focus on the community center construction and the District's duties are to look for

land for a community center, develop plans for the community center for the City Council's approval, oversee the construction management of the community center, finance the first year's operation of the community center, and pay for debt service at some level to be determined when the Board has more information and research on the needs of the community. Member Hansen seconded the motion. Motion carried.

#### **ITEM 9.**

#### **DIRECTOR'S REPORT.**

Executive Director stated a new resolution was needed for Texpool on the next agenda.

Executive Director stated she received the bill from Mr. Arnold for the special scope report and a check was written to pay him as well as the General Liability and Errors and Omissions insurance for \$225.00. A check from the City for the pool's petty cash was received.

Executive Director stated in the packets delivered to Members Saturday was a letter from the District Attorney's office requesting additional information and included was a copy of the response she had sent to the District Attorney.

Executive Director stated the City was asking for reimbursement for Recording Secretary's overtime pay. The City would be sending a bill for October forward that she would bring to the Board since it was not a budgeted item; as well as some of her expenses that she had incurred. She stated she was using a phone the City had so she was reimbursing the City for any overages.

President Jayne asked if there were any questions.

Member Roberts stated a couple of meetings ago, the Board recommended Mr. McTee and Mr. Boatman be added to the Board.

Executive Director stated she apologized, in trying to get everything done, the recommendations had not gone to City Council. She stated she planned to put it on the May 16 agenda so she could take care of all the District business at the same time.

#### **ITEM 10.**

#### **CITIZEN'S COMMENTS.**

Ms. Jay Masterson stated prior to the District's next meeting the Board might solicit comments from the citizens about the District's next direction. She stated she believed there was a great need for what the Municipal District does and she hoped it would be much broader than two projects and she thought the District should have paid staff. She meant it as permanent organization that does what it wants. She stated there was an oblique comment in the newspaper that there might not have been the right kind of audit done to be able to follow up. She asked Executive Director if she thought the audit was adequate to be able to sustain further action. She stated the audit she was talking about was the one the Board turned over to the District Attorney.

Executive Director stated the special scope was not an audit in the sense that you hear the word audit; typically an audit has an opinion associated with it from the CPA that is performing it and the District's special scope report that said what was done; what was in compliance

and not in compliance by State Law. It was forwarded to the District Attorney in order for the District Attorney to make the decision whether to move forward and do any further investigation.

Mr. Roger Masterson stated he concurred with Executive Director's opinion that, at this time, the Board should not take on the operations function of support (of the civic center). He stated as it stands now, the City is capable of hiring people and until the scope of the District grows and has a paid Director who will be able to monitor a director of the civic center and staff and promote it because a civic center is only as good as the advertising and the economic development type functions that operate around it. He thought it was reasonable to assign those duties and responsibilities to the City. He thought it was laudable to support the City for a year in that function but, right now the structure was not there to take on supporting an operation like that.

**ITEM 11.**

**GENERAL DISCUSSION.**

There was none.

**ITEM 12.**

**ADJOURNMENT OF MEETING.**

Member Roberts moved to adjourn the meeting. There was a second by Member Welborn. Motion carried.

Meeting was adjourned at 8:07 p.m.

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Robert Jayne,

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President

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Hope Comingore

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Vice President

ATTEST:

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Ada Owens

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Recording Secretary